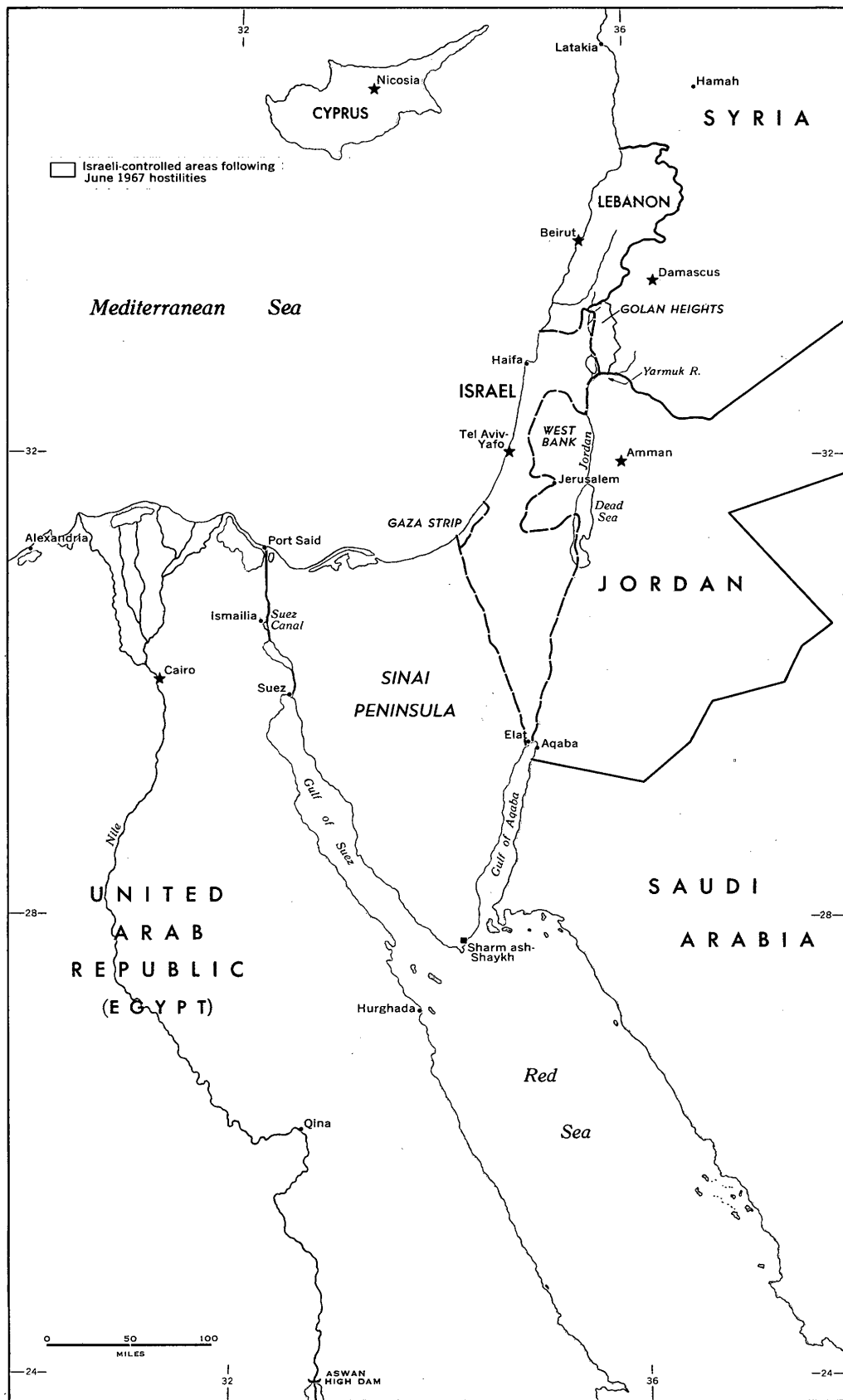


The President's Daily Brief

26 September 1969

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MIDDLE EAST

Israeli air strikes are doing little to discourage the Egyptians from their military actions. Artillery duels along the Suez Canal happen nearly every day, and Egypt has carried out a number of cross-canal commando raids to mine roads. One of the mines killed two Israelis and wounded six others Tuesday, prompting a heavy Israeli air strike in reprisal.

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The chief of the US mission in Cairo, Donald Bergus, has made an extensive review of the situation in Egypt as he sees it. Among the points he makes are the following:

--Despite his many reverses, Nasir is probably here to stay. To most Egyptians, he continues to personify their most important aspiration--dignity.

--The nature of Nasir's regime is changing. Most of the small coterie of loyal associates who worked closely with Nasir for many years are now out of the picture. Their eclipse, combined with the sorry state of Nasir's grass roots party, leaves the military as the only effective self-perpetuating body in

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Egypt. Relations between Nasir and the military are therefore of crucial importance.

--Even though a coup cannot be completely ruled out, there are a number of factors working against this possibility, most importantly, Soviet influence in the military establishment.

--The Soviets and Nasir are locked in a relationship which, while at times painful to both, is likely to persist because of its mutual benefits. For the Russians, their position in Egypt has permitted them after 300 years of effort to become a full-fledged member of the board of directors of the Middle East. The Soviets doubtless have long-term aspirations for exclusivity in the area, but for some time they probably will be ready to co-exist with the US and other Western powers on the basis of the mutual recognition of the legitimacy of each other's interests.

--For official Egyptians, the Soviets have been a welcome sheet anchor--providing essential military and economic support at not too much cost to Egyptian independence. The Egyptians of course would prefer a situation where the US also tried to play a more active diplomatic and economic role in Egypt.

--Nasir is under no illusions as to his military capability or the time needed to improve Egypt's position. He would prefer a political settlement, but he doubts it will come to pass. He believes Israel has no interest in a settlement as long as he leads Egypt.

--In light of these factors, Nasir has taken the classic Egyptian pose of standing pat, talking big, punishing the enemy as much as possible and taking the counterblows stoically.

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--Two developments, if they were to occur, might lead Nasir to alter his course: a decline in Soviet support for "active defense," and a conviction that a peace commensurate with Egyptian dignity might be attainable.

LIBYA

The US presence at Wheelus Air Base may be jeopardized by two recent incidents. Libya's foreign minister has already said that the smuggling of a Libyan Jewish citizen to Malta by a US school teacher may be a "dangerous case of espionage" organized by Israel from within the base, and has asked that the American involved in the incident be returned for trial.

As far as we know, the Revolutionary Council has not learned that another Libyan [] was smuggled out by the Wheelus Office of Special Investigations on 3 September. [] a business associate of the notorious Shalhi family, probably fled the country to avoid arrest on charges of corruption during the reign of King Idris.

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Ambassador Palmer, who was not informed of the operation until 24 September, and Col. James, CO of Wheelus, are checking on the possibility that other Libyans may have used Wheelus as an escape route.

The US Embassy has agreed to a Libyan request for full customs and immigration control at the base. Soldiers inspected the cargo of an American military plane that arrived at Wheelus yesterday.

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VIETNAM

Foreign Minister Dinesh Singh says he now favors raising New Delhi's consular relations with Hanoi to a higher level. He clearly was swayed by his discussions in Hanoi at the time of Ho's funeral. According to Singh, Hanoi sees closer relations with New Delhi as an important counterpoise in its attempts to maintain independence of Peking.

New Delhi is not likely to take any action until after Singh's visit to the United Nations next week, where the foreign minister plans to discuss the subject with Secretary Rogers. The matter is still a vexing one for India. Since his return from Hanoi, Singh has said he views the North as a "government in authority" in contrast to the uncertain situation in the South. Without a similar upgrading of its consulate in Saigon, however, India's long-standing neutrality between North and South--particularly in its role as ICC chairman--would be compromised.

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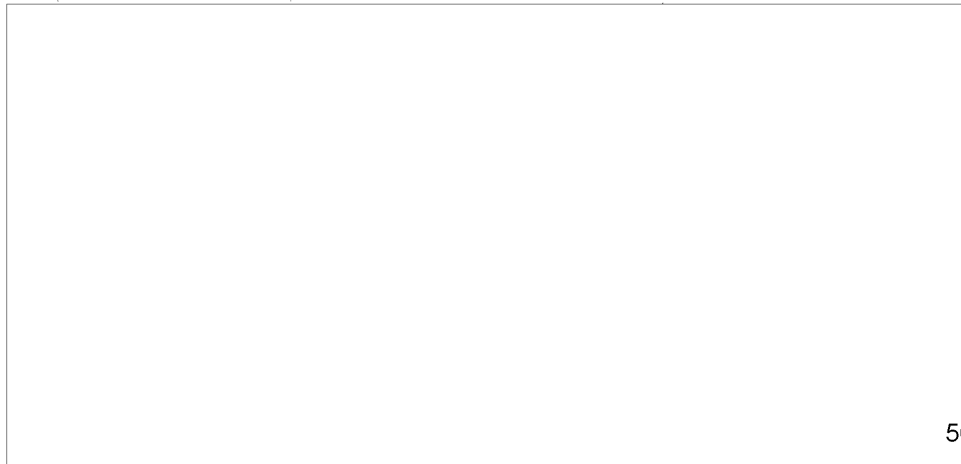
Politburo member Truong Chinh gave the keynote speech at the session of the national assembly which put an official stamp of approval on the selection of a new president and vice president on 23 September. It is the most significant policy statement from Hanoi since Ho Chi Minh's death.

Truong Chinh's statement reaffirmed the priorities which he laid out on behalf of the politburo more than a year ago. He again implied that the war in the South must not impinge on the regime's objective of "building socialism" in North Vietnam. The war itself took a secondary place in his

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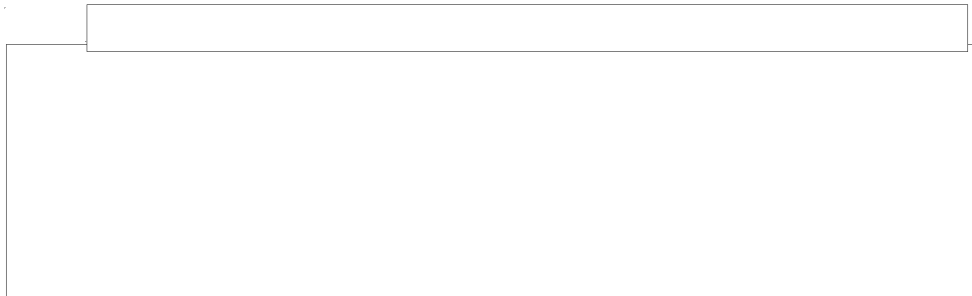
presentation, even though he argued that strengthening the North is the best way to be able to persevere with the struggle in the South.

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COMMUNIST CHINA



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EUROPE

The West German Bundesbank's clampdown on dealings in its own currency has blunted the heavy flow of speculative capital to West Germany. It has also considerably reduced speculative pressure throughout European markets on other currencies--notably the French franc, sterling, and, to a lesser extent, the

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dollar. Before the West German action, they were being sold off in heavy volume by purchasers of marks who anticipated a revaluation following Sunday's election in West Germany.


Western European foreign exchange markets probably will remain quiet today, but another burst of activity may follow the opening of the West German foreign exchange markets on Tuesday.

CZECHOSLOVAKIA

The central committee met yesterday and apparently will meet again today. There is still no word on decisions reached, but all signs continue to indicate that many of the party's reformist elements will be purged from the committee and perhaps from the party.

BOLIVIA

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 just about everybody in Bolivia expects General Ovando to take over the country today. We know that he can; we don't know whether he will.

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